

Message Text

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TAGS: ENRG, BCOM, ECRP, BL

SUBJ: CERP 002 CZECH FEASIBILITY STUDY ON FERRO ALLOY

PLANT "MAJOR PROJECT"

REF: A-60, MARCH 27, 1973

1. PRESS ACCOUNTS OF OCTOBER 2 REPORT REPRESENTATIVES OF THE CZECH INDUSTRIAL FIRM, SKODA EXPORT, DELIVERED TO GENERAL HUGO ORTIZ M., GENERAL MANAGER OF THE EMPRESA NACIONAL DE FUNDIOIONES (ENAF) FEASIBILITY STUDY ON INSTALLATION OF PLANT TO PRODUCE ALLOYS OF TUNGSTEN AND VANADIUM AT THE TOWN OF VIACHA, ABOUT 25 KM. SOUTH WEST OF LA PAZ. PRODUCTION OF THE PLAND REPORTEDLY IS DESTINED TO THE COUNTRIES OF THE ANDEAN PACT.

2. FOR VALUE OF PLANT MACHINERY ESTIMATED BY SKODA IS US\$ 1,500,000; TRANSPORTATION, INSTALLATION, AND INITIAL SPARE PART COSTS ARE ESTIMATED AT US\$ 700,000; COSTS OF KNOW HOW, ENGINEERING, AND CONSTRUCTION OF AUXILIARY BUILDINGS ARE ABOUT US\$ 1,700,000. IN ADDITION TO THE SUM OF THESE COSTS, US\$ 3,500,000, THE OPERATING CAPITAL NEEDED IS REPORTEDLY US\$ 1,750,000 WHICH BRINGS THE TOTAL INVESTMENT TO US\$ 5,250,000. ACCORDING TO SKODA THE PLAND WOULD MAKE AN ANNUAL PROFIT OF US\$ 600,000.

3. SCHEDULED PRODUCTION WOULD START IN 1977 AT ANNUAL RATE OF 150 METRIC TONS OF FERRO-VANADIUM AND 250 TONS OF UNCLASSIFIED

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FERROTUNGSTEN; PRODUCTION IS SCHEDULED TO INCREASE SO THAT

OUTPUT IN 1980 WOULD BE 300 TONS OF FERRO-VANADIUM AND 500 TONS OF FERRO-TUNGSTEN AND EVEN GREATER WITH ADDITION OF AN ELECTRIC FURNACE.

4. TECHNICAL MANAGER OF ENAF, JORGE LEMA PATINO, REPORTEDLY ANNOUNCED TO PRESS THAT ARTHUR D. LITTLE HAD PREPARED A VIABILITY PROJECT ON FERRO ALLOYS PLANT, AND THAT ENAF'S MANAGEMENT FOUND IT NECESSARY TO FIND THE BEST TECHNOLOGY TO CARRY THIS PROJECT OUT. SINCE CZECHS, HE CONTINUED, ARE KNOWN TO BE GOOD IN FIELD OF FERRO-ALLOYS AND THEIR MACHINERY IS CHEAPER THAN THAT OFFERED IN WESTERN MARKETS, AND SINCE THE FIRM SKODA EXPORT MAY FINANCE THE PLANT INSTALLATION, ENAF DECIDED TO GIVE SKODA EXPORT THE CONTRACT FOR THIS FEASIBILITY STUDY. CZECHS REPORTEDLY CHARGED ENAF US\$ 6,000 FOR FEASIBILITY STUDY.
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